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ANNUAL REPORT  
**THE EAGLE-PICHER COMPANY**

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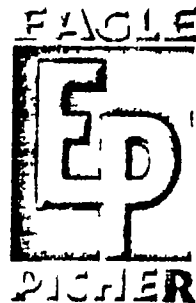
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SUPERFUND RECORDS

**009251**

**ANNUAL REPORT**  
**FOR THE**  
**FISCAL YEAR ENDED NOVEMBER 30, 1963**



**THE EAGLE PICHER COMPANY**  
**CINCINNATI OHIO**

# THE EAGLE Picher Company

## DIRECTORS

WILLIAM D ATTEBERRY	CARL F HERTENSTEIN
WILLIAM R DICE	STANLEY R MILLER
LOUIS A FISHER	ARTHUR W SCHUBERT
DAVID M FORKER JR	T SPENCER SHORE
CARL A GEIST	GEORGE A SPIVA
ALBERT E HEEKIN JR	WILLIAM H ZIMMER

## OFFICERS

T SPENCER SHORE	PRESIDENT
WILLIAM D ATTEBERRY	VICE PRESIDENT
ROBERT M COQUILLETTE	VICE PRESIDENT
WILLIAM R DICE	VICE PRESIDENT
LOUIS A FISHER	VICE PRESIDENT
CARL A GEIST	VICE PRESIDENT
ALBERT J HAFENDORFER	VICE PRESIDENT
PHILIP D McMANUS	VICE PRESIDENT
HAROLD F NUNN	VICE PRESIDENT
RICHARD SERVISS	SECRETARY
JOHN C HEISLER	TREASURER
HAROLD E ANDERSON	COMPTROLLER
MELVIN F CHUBB	ASSISTANT SECRETARY
CHARLES S DAUTEL	ASSISTANT SECRETARY
CORBIN E SHOUSE	ASSISTANT SECRETARY
JOHN H WINCHESTER	ASSISTANT SECRETARY
ARTHUR C ZIMMERMAN	ASSISTANT SECRETARY

TRANSFER AGENTS Morgan Guaranty Trust Company of New York  
The Central Trust Company Cincinnati

REGISTRARS The Chase Manhattan Bank New York  
The Fifth Third Union Trust Company, Cincinnati

# THE EAGLE PICHER COMPANY

## TO OUR SHAREHOLDERS

Net sales of The Eagle Picher Company for the fiscal year ended November 30, 1963 amounted to \$116 183 896 compared with \$116 005 658 for 1962

Net profit for 1963 was \$3 575 826 equivalent to \$1 77 per share compared with \$3 444 074 or \$1 70 per share for the previous year

Dividends of \$1 20 per share were paid on the common stock during 1963. The dividend payable in March will represent the ninety sixth consecutive quarterly disbursement.

At the year end holdings of cash and United States Government obligations were above the year before and net working capital and net worth were at all time highs.

### General

Despite the small increase in sales and earnings recorded in 1963 the year fell below our expectations and forecasts. In a business as widely diversified as ours there are usually many cross currents some on the plus and others on the minus side and last year was no exception.

Sales and earnings in the first half of the year were reduced by a strike starting January 29 and continuing through April 15 at the Willoughby plant of The Ohio Rubber Company. While the plant remained in operation costs were abnormally high and profits were materially lower. On the plus side was a profit resulting from the sale of The Northeast Oklahoma Railway Company. This property was no longer of real importance to the Company and the investment therein can be more profitably employed elsewhere.

### Sales

Net sales for the fiscal year ended November 30 1963 were \$116 183 896 compared with \$116 005 658 for the previous year. A small decrease in the first half year was a little more than regained by an increase in the final six months. While the total figure showed little change material declines in some of our older lines were offset by corresponding gains in new products. We believe that the quality of sales and product mix was improved during the year.

### Earnings

Net profit for the 1963 fiscal year was \$3 575 826 or \$1 77 per share compared with \$3 444 074 or \$1 70 per share for 1962. All divisions of the Company earned a profit in 1963 as was the case in 1962 and 1961.

Following a decline in earnings in the first half of 1963 profits in the third and fourth quarters resumed the favorable earnings comparisons with the same periods in 1962. The year closed on a strong note indicating that this trend should extend for a further period of time.

### Taxes and Depreciation

In 1963 as in the previous year the Company reduced its current tax liability by an Investment Tax Credit based on expenditures for new equipment and by faster depreciation permitted under the depreciation guidelines. The difference of \$880,000 in taxes resulting from usage of the accelerated deductions permissible by the Internal Revenue Service and the deductions for deprecia-

tion normally taken by the Company has been added to deferred Federal income taxes which provision now totals \$1 800,000

This reserve will be used to offset Federal income taxes payable in future years when depreciation charges for tax purposes will be lower than the charges made on the books and will tend to minimize fluctuations of earnings over a period of time

## Balance Sheet

Shareholders net worth at November 30 1963 was \$46 809 350 or \$23 16 per share compared with \$45 870 682 or \$22 62 per share at November 30 1962

Current assets at November 30 1963 aggregated \$41 084 859 compared with current liabilities of \$9 719 319 a ratio of 4 2 to 1 Net working capital of \$31 365 540 compared with \$29 729 921 at the beginning of the year an increase of \$1 635 619

Cash and United States Government obligations including amounts deducted from the provision for Federal taxes on income aggregated \$8 038 066 at the 1963 year end compared with \$5 479 259 at November 30 1962

Accounts and notes receivable were \$16 248 545 compared with \$15 321 263 at November 30 1962

Inventories at the end of 1963 were \$18 703 702 a decrease of \$1 687 688 from the corresponding figure of \$20,391 390 a year earlier

Net fixed assets of \$24 587 132 at November 30 1963 compared with \$25 461 218 at the end of 1962 a decrease of \$874 086

Long term debt was reduced by \$1 000 000 to \$10 000 000 at November 30 1963 the \$1 000 000 installment payable in 1964 is classified as a current liability

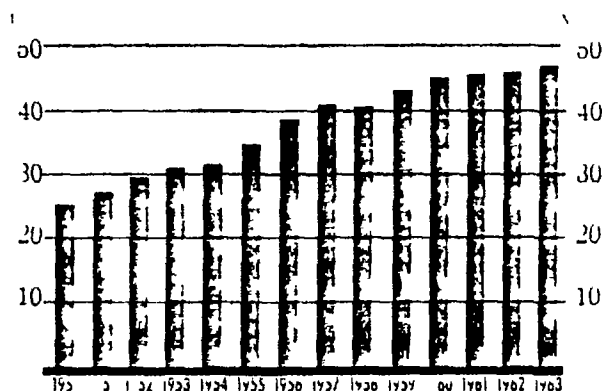
## New Facilities

Chicago Vitreous Corporation constructed a new frit plant in Ingersoll Ontario during 1963 to serve the important Canadian market This facility will improve our competitive position by eliminating import duties on products sold in the Dominion

Fabricon Products has completed a new plant in Grabill Indiana which will manufacture a variety of molded plastic products We see good growth possibilities in this field and believe the new location is strategically well located

Two other new operations were commenced by the Chemicals and Metals Division one at Socorro New Mexico to manufacture precision machine parts for the electronics industry the other at Sunnyvale California to design and manufacture electronic instruments

NET WORTH  
(At November 30)



## Employees and Shareholders

At the close of the 1963 fiscal year the Company had approximately 8 800 registered shareholders and about 5,600 employees In recent years the number of shareholders has risen while the number of employees has declined

The decline in employment reflects a reduction in mining activities the elimination of some manufacturing operations and expansion of more highly automated manufacturing facilities

The larger number of registered shareholders is due in part to an increase in the number of employees who own stock in the Company. At the present time approximately 800 directors, employees, and former employees own about 19% of the Company's shares either directly or beneficially.

### Directors and Officers

Mr. Albert J. Hafendorfer, President of Chicago Vitreous Corporation, was elected a Vice President of The Eagle Picher Company in February.

In March, Mr. Philip D. McManus, formerly Corporate Controller of the A. O. Smith Corporation, was elected a Vice President of the Company.

Mr. William D. Atteberry was elected a Vice President of the Company and General Manager of the Chemicals and Metals Division in March and in August was elected a member of the Board of Directors, replacing Mr. Miles M. Zoller who retired at that time.

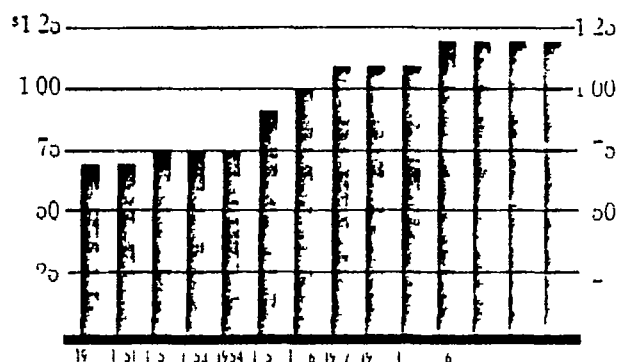
As a result of retirements, the average age of our top management group is now lower than at any time in a number of years. While the experience of the older men is missed, their successors are well seasoned and are men of vigor, imagination and ambition in whom shareholders can have confidence for the future.

### Outlook

The achievement of a larger return on shareholders' investment continues to be our chief task.

We believe that our financial statements reflect success in our program to reduce and control expenses which will be unrelenting. Higher margins have been attained in some areas and we shall endeavor to broaden them. We are obtaining higher volume from many of our products and improving our cost-price relationships. Finally, we are increasing sales effort on lines with relatively high fixed costs and relatively low variable

DIVIDENDS PAID PER SHARE  
(Calendar Year)



expenses where a rise in sales beyond the break-even point results in proportionately higher earnings.

Economists quite generally are predicting that 1964 will be a better business year than 1963. While the unanimity of opinion may raise some skepticism, we are in accord with this view. If it proves correct, the Company's earnings should be significantly above those for the year just closed.

*Spencer Shore*  
President

Cincinnati, Ohio  
January 28, 1964

# THE EAGLE-PICHER COMPANY

CONSOLIDATED BALANCE SHEET

ASSETS	1963	1962
<b>CURRENT ASSETS</b>		
Cash	\$ 5 549 524	\$ 5 041 001
U S Government obligations — at cost	583 088	—
Accounts and notes receivable less allowance for doubtful receivables \$233 419 and \$279 799	16 248 545	15 321 263
Inventories of raw materials work in process finished products and supplies	18 703 702	20 391 390
<b>TOTAL CURRENT ASSETS</b>	<u>41 084 859</u>	<u>40 753 654</u>
 <b>OTHER ASSETS</b>		
Repair parts and maintenance supplies	764 887	819 845
Investments at cost and miscellaneous accounts and advances	1 226 614	979 627
	<u>1 991 501</u>	<u>1 799 472</u>
 <b>PROPERTY PLANT AND EQUIPMENT AT COST</b>	72 594 540	72 922 103
Less Allowance for depreciation and depletion	48 007 408	47 460 885
	<u>24 587 132</u>	<u>25 461 218</u>
 <b>PATENTS, AT COST — less amortization</b>	<u>846 638</u>	<u>1 022 978</u>
 <b>PREPAID EXPENSES AND DEFERRED CHARGES</b>	<u>1 238 590</u>	<u>1 158 947</u>
	<u><u>\$69 748 720</u></u>	<u><u>\$70 196 269</u></u>

*The accompanying notes are a part of this financial statement.*

# AND DOMESTIC SUBSIDIARIES

AT NOVEMBER 30 1963 AND 1962

LIABILITIES		1963	1962
CURRENT LIABILITIES			
Accounts payable		\$ 4 819 967	\$ 4 698 248
Dividend payable		607 093	608 729
Accrued liabilities		3 292 259	3 500 714
Federal taxes on income less U S Government obligations at cost \$1 905 454 and \$438 258		—	1 216 042
Long term debt — current portion		1 000 000	1 000 000
TOTAL CURRENT LIABILITIES		9 719 319	11 023 733
LONG TERM DEBT — 3¾% notes maturing serially to July 15 1974 less current portion		10 000 000	11 000 000
RESERVES FOR SELF INSURANCE		1 420 051	1 381 854
DEFERRED FEDERAL TAXES ON INCOME		1 800 000	920 000
STOCKHOLDERS EQUITY			
Capital stock — par value \$5 per share authorized 3 000 000 shares issued 2 067 654 shares		10 338 270	10 338 270
Capital surplus		2 468 812	2 468 782
Retained earnings		35 086 274	33 946 946
		47 893 356	46 753 998
Less Treasury stock 46,559 and 39 657 shares at cost		1 084 006	883 316
		46 809 350	45 870 682
		\$69 748 720	\$70 196 269

an integral part of this balance sheet



# THE EAGLE-PICHER COMPANY AND DOMESTIC SUBSIDIARIES

## STATEMENTS OF CONSOLIDATED PROFIT AND LOSS AND RETAINED EARNINGS

YEARS ENDED NOVEMBER 30 1963 AND 1962

	1963	1962
INCOME		
Net sales	\$116 183 896	\$116 005 658
Other income	519 927	88 002
	<u>116 703 823</u>	<u>116 093 660</u>
COSTS AND EXPENSES		
Production and manufacturing costs	97 543 194	96 636 944
Selling general and administrative expenses	9 148 453	9 399 865
Provision for depreciation depletion and patent amortization	2 878 079	2 824 575
Interest	443 271	488 202
	<u>110 012 997</u>	<u>109 349 586</u>
PROFIT FROM OPERATIONS — before Federal and State taxes on income	6 690 826	6 744 074
FEDERAL AND STATE TAXES ON INCOME	<u>3 115 000</u>	<u>3 300 000</u>
NET PROFIT	3 575 826	3 444 074
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>33 946 946</u>	<u>32 951 043</u>
	37 522 772	36 395 117
CASH DIVIDENDS PAID AND ACCRUED	<u>2 436 498</u>	<u>2 448 171</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 35 086 274</u>	<u>\$ 33 946 946</u>

*The accompanying notes are an integral part of this statement*

# THE EAGLE-PICHER COMPANY AND DOMESTIC SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30 1968

Inventories other than ores metals and metal bearing products have been valued at average and standard costs, or lower which approximate replacement market. Ores metals and metal bearing products have been valued at the lower of cost or market which has been reduced to state basic quantities of lead and zinc at fixed prices based on 6 5 cents per pound for lead (New York) and 5 cents per pound for zinc (East St. Louis) under the base stock method of inventory valuation adopted at November 30 1949. At November 30 1968 basic quantities were 6 000 tons of lead and 19 000 tons of zinc compared with 7 000 tons of lead and 18 000 tons of zinc at November 30 1962 this shift in basic quantities had no material effect on operations for the year.

Under the provisions of the loan agreement pertaining to the 3 $\frac{3}{4}$ % notes due July 15 1974 the company is required to prepay \$1 000 000 on July 15 of each year to maturity.

The 3 $\frac{3}{4}$ % notes contain a covenant which so long as any of the notes remain outstanding restricts the amount which may be declared as dividends (other than those payable in capital stock of the company) or applied to the purchase redemption or retirement of the company's capital stock. At November 30 1968 the amount not so restricted was approximately \$9 400 000.

Deferred Federal taxes on income resulting from the use of alternative methods of depreciation for tax purposes have been provided by charges against income and will be used to offset Federal income taxes payable in future years when depreciation charges for tax purposes will be lower than the charges made on the books.

Under a stock option plan approved by the stockholders there were options outstanding at November 30 1968 to purchase 46 500 shares of capital stock at prices varying from \$21 to \$24 per share. Options for an additional 53 500 shares may be granted in the future.

A portion of the company's sales for the year ended November 30 1968 is subject to renegotiation under the Renegotiation Act of 1951. Management is of the opinion that adjustment if any will not have a material effect on the financial statements.

PEAT, MARWICK, MITCHELL & CO

*Certified Public Accountants*

CINCINNATI OHIO

ACCOUNTANTS REPORT

THE BOARD OF DIRECTORS

THE EAGLE Picher COMPANY

We have examined the consolidated balance sheet of The Eagle Picher Company and its domestic subsidiaries as of November 30 1963 and the related statement of profit and loss and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statement of consolidated profit and loss and retained earnings present fairly the financial position of The Eagle Picher Company and its domestic subsidiaries at November 30 1963 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT MARWICK MITCHELL & Co

Cincinnati Ohio

January 24 1964

# TEN-YEAR SUMMARY

		FOR THE FISCAL YEARS 1954-1963					
SOURCE AND APPLICATION OF FUNDS		SOURCE			APPLICATION		
		Net Profit	\$38 850 792		Dividends Paid	\$21 754 670	
		Depreciation Depletion and Amortization	28 827 576		Capital Expenditures	38 062 736	
		Increase in Self Insurance Reserves	550 917		Increase in Working Capital	5 506 792	
		Disposition of Fixed Assets	3 420 592		Decrease in Long Term Debt	5 000 000	
		Deferred Federal Taxes on Income	1 800 000		Patents Acquired	2 035 578	
		Miscellaneous	1 859 924		Increase in Other Assets	1 053 115	
			<u>\$75 314 801</u>		Miscellaneous	<u>1 851 905</u>	
						<u>\$75 314 801</u>	
SALES EARNINGS TAXES DIVIDENDS	YEAR ENDED NOV 30	NET SALES	DEPRECIATION DEPLETION AND AMORTIZATION	NET PROFIT BEFORE INCOME TAXES	NET PROFIT	NET PROFIT PER SHARE	DIVIDEND PER SHARE CALENDAR YEAR
	1963	\$116 183 896	\$2 878 079	\$6 690 826	\$3 575 826	\$1 77	\$1 20
	1962	116 005 658	2 824 575	6 744,074	3 444 074	1 70	1 20
	1961	109 894 704	2 783 846	4 833 037	2 683 037	1 30	1 20
	1960	120 835 294	2 783 440	7 967 088	4 767 088	2 33	1 20
	1959	120 925 049	2 987 784	9 671 646	4 671 646	2 29	1 10
	1958	98 132 667	3 296 731	3 990 094	2 090 094	1 04	1 10
	1957	117 752 694	3 216 858	7 531,706	4 266 706	2 13	1 10
	1956	116 407 000	3 096 237	11 481 794	5 906 430	2 94	1 00
	1955	114 480 080	2 969 269	10 204 062	5 004 062	2 53	90
	1954	83 233 880	1 990 578	4 946 829	2 446 829	1 24	75
BALANCE SHEET HIGHLIGHTS	AT NOV 30	CASH AND U S GOVT SECURITIES	WORKING CAPITAL	PROPERTY PLANT AND EQUIPMENT NET	LONG TERM DEBT	NET WORTH	NET WORTH PER SHARE
	1963	\$ 8 038 066	\$31 365 540	\$24 587 132	\$10 000 000	\$46 809 350	\$23 16
	1962	5 479 259	29 729 921	25 461 218	11 000 000	45 870 682	22 62
	1961	6 587 542	27 926 337	26 569,140	12,000 000	45 687 278	22 15
	1960	8 574,104	29 632 137	25 191 707	13 000 000	45 081 582	22 03
	1959	14 126 040	30 133 749	24 006 005	14 000 000	43 212 387	21 14
	1958	7 319 071	27 920 267	24 008,928	15 000 000	40 716 257	20 23
	1957	11 472 791	27 786 595	23 549 875	15 000 000	40 858 362	20 37
	1956	13 947 086	27 298 811	24 389 349	15,000 000	38 899 244	19 35
	1955	12 710 610	23 247 257	24 470 614	15 000 000	34 834 412	17 61
	1954	8 053 695	18 447 048	25 824 409	15 000 000	31 610 917	15 98

\*Based on actual number of shares outstanding adjusted to present capitalization

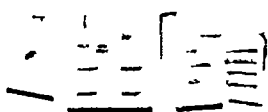
# PRINCIPAL PRODUCTS AND PROPERTIES



## CHEMICALS AND METALS DIVISION

**PRINCIPAL PRODUCTS** — Zinc and lead chemicals ★ Special purpose electric power supplies ★ Electronic test instruments ★ Germanium gallium and various electronic metals and compounds ★ Cadmium ★ Slab zinc ★ Chat ★ Sulphuric acid ★ Precision metal products and electronic components

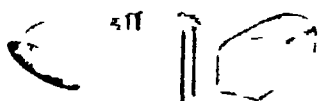
**PLANTS AND MINES** *Plants* JOPLIN MISSOURI GALENA AND HILLSBORO ILLINOIS GALENA KANSAS COMMERCE HENRYETTA MIAMI AND QUAPAW OKLAHOMA SOCORRO NEW MEXICO LINDEN AND SHULSBURG WISCONSIN SUNNYVALE CALIFORNIA *Mines* TRI STATE DISTRICT (MISSOURI OKLAHOMA KANSAS) ILLINOIS WISCONSIN



## CHICAGO VITREOUS CORPORATION

**PRINCIPAL PRODUCTS** — Porcelain enamel frits for home appliances plumbing ware lighting fixtures architectural paneling outdoor signs and other products requiring protective finishes ★ Lusterlite all porcelain enameled gasoline service stations

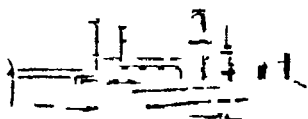
**PLANTS** CICERO AND PARIS ILLINOIS INGERSOLL ONTARIO



## FABRICON PRODUCTS

**PRINCIPAL PRODUCTS** — Waxed paper cellophane and polyethylene wrappers ★ Lamin Art decorative plastic sheets ★ Custom impregnated papers textiles and glass cloth ★ Molded plastic parts ★ Automotive parts such as door trim panels trunk liners dash insulator mats and glove boxes

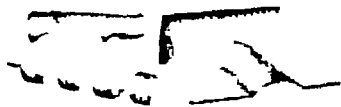
**PLANTS** RIVER ROUGE MICHIGAN PHILADELPHIA PENNSYLVANIA LOS ANGELES CALIFORNIA GRABILL INDIANA



## INSULATION DIVISION

**PRINCIPAL PRODUCTS** — Insulating cements blocks blankets felts board pipe covering ★ High temperature inorganic fibers ★ Speciality fiber products ★ Diatomaceous earth filter aids aggregates absorbents catalyst supports insecticide carriers fertilizer conditioners paint fillers

**PLANTS** CLARK AND COLADO NEVADA JOPLIN MISSOURI



## THE OHIO RUBBER COMPANY

**PRINCIPAL PRODUCTS** — Compression transfer and continuous precision molded rubber parts for automotive agricultural equipment electrical appliance and other manufacturing industries ★ Extruded and flocked products ★ Laminations of plastics and elastomers ★ Rubber to-metal parts ★ Products of natural rubber standard and special synthetic rubbers silicones and polyurethanes ★ Products for National Defense

**PLANTS** WILLOUGHBY OHIO CONNEAUTVILLE PENNSYLVANIA LONG BEACH CALIFORNIA STRATFORD CONNECTICUT FORT SMITH ARKANSAS